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SUBJECT: BAGHDAD BUDGET EXECUTION PROBLEMS START AT THE
VERY BOTTOM

Classified By: BAGHDAD EPRT-2 Team Leader Conrad Tribble for reasons 1.
4(b) and (d)

This is a Baghdad EPRT-2 reporting cable.

11. (C) Summary: Baghdad's municipal authorities, at the lowest level, suffer from a host of weaknesses that sharply constrain their ability to deliver essential services effectively. The list is long: insufficient budgets and resources, poor management skills, human resource deficiencies, limited ability to monitor contracts and projects, outdated and broken equipment, and poor communication with key central offices. These problems, when combined with almost non-existent public communication skills, are a recipe for public frustration with the level of services in the capital. It will require significant training and upgrades for the municipality to be in a position to deliver the essential services that Baghdad's citizens are increasingly demanding. U.S. support in the form of continued training, education and mentoring -- not project delivery -- will be crucial, but far greater Iraqi leadership is needed. End summary.

12. (SBU) Baghdad's "Amanat" is the public works department, responsible for the full range of municipal services in the urban districts of Baghdad (but not the rural "qadas" of Baghdad Province). The Amanat divides the city into 14 service districts that we label "Beladiyas," each headed by a director general (DG). The Beladiyas, the lowest level municipal authority in the capital, have primary responsibility for picking up trash, maintaining sewage and water systems, maintaining city roads, landscaping parks and public areas. They do small repair and refurbishment projects as well as maintenance, but they are not responsible for developing or executing larger-scale infrastructure projects, e.g. building a new sewer system in a neighborhood that has not had one. (Note: These activities are the responsibility of the Amanat's central offices, though once completed, their maintenance becomes the Beladiya's responsibility. End note.)

13. (C) Baghdad EPRT-2's area includes four of these Beladiyas -- Karada, Rusafa, Al-Ghadier (western 9 Nissan), and New Baghdad (eastern 9 Nissan) -- covering the entire east side of urban Baghdad except for Sadr City and Adhamiya. Over the past two months, EPRT-2 Team Leader, governance advisors, and 4-10 Brigade Deputy Commander have held a series of discussions with our four DG's and their staffs to get a detailed picture of their responsibilities, resources, and constraints. What we have learned is just how far the authorities have to go to be able to deliver essential services effectively. They lack the resources, technical and management capacity, and institutional support from above to do their jobs effectively. This shortfall is not likely to change any time soon.

14. (SBU) The list of problems is long, the problems are all related, and they all exacerbate each other. Key challenges include the areas outlined below.

Budget and Resources

15. (SBU) Despite wide differences in their size and problems, each of the four Beladiyas receives a cookie-cutter budget of IQG 12 billion (USD 10 million) annually for operational expenses, allocated in monthly installments of IQD 1 billion (USD 833,000). Salaries are paid directly from Ministry of Finance accounts. Each DG uses their allotment differently from month to month, allocating varying amounts to the main operational areas as circumstances demand. All four DG's tell us this level of funding is inadequate for their needs, and two of them said that in practice, they often receive less than the anticipated IQD 1 billion at beginning of the month. All submitted budget request increases for the FY 2009.

16. (SBU) Other resources essential to management of a modern city are missing. Only one of the four Beladiyas has internet access in its main office, and there is very limited internet access at branch offices or facilities such as water treatment plants, sewage pump stations, and garages. Computer-based planning, budgeting, and personnel management are rudimentary, suffering from both lack of equipment and lack of skilled personnel.

Management

17. (C) The Amanat civil service, below the top leadership level, is dominated by engineers and the four Beladiya DG's and their senior staffs are no exception -- they are all

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engineers with little management training or background. Despite the presence of small Beladiya planning and administrative offices, the lack of real planning capacity is painfully obvious. Only one of the four DG's has even a passing familiarity with the five-year Provincial Development Strategy launched earlier this year. Asked to break out how they spend their budgets every month, each of the four said they allocate funds based on essentially seat-of-the-pants estimates, adjusting as they go. They described in similar terms the "planning" process that went into creating their FY 2009 budget requests. None had a detailed budget they could show us identifying regularly recurring expenses such as vehicle maintenance, spare tires and parts for equipment, or facilities upkeep. "We fix vehicles when they break" is how one DG described his maintenance program, while outside a tractor with a broken wheel sat unrepaired for over a year for lack of replacement parts. The kind of tracking and planning tools typically used in any American municipality -- for accountability of facilities, personnel, and equipment, or for estimating resource needs -- are either non-existent or very rudimentary.

Politics, religion, and corruption - a noxious brew

18. (C) The Beladiyas suffer from a stifling Amanat culture that limits effective communication up and down the chain and across different divisions of the Amanat. The DGs tell us they fear retaliation for raising problematic issues with the Mayor (Amin) or their direct superior, the Deputy Mayor for Municipalities. (Note: For several months this year, the acting Deputy Mayor was the brother of the al-Ghadier DG, so his situation was different. Now that his brother has moved back to another position, he faces the same situation as his peers. End note.) They meet with senior Amanat officials irregularly and have limited authority to make decisions without getting central approval. Amanat central offices (e.g. the Baghdad Sewer Authority or Baghdad Water Authority) do not systematically share information with the Beladiyas on planned or initiated infrastructure projects, even though the Beladiyas will be responsible for operations and maintenance of new facilities once completed. Personnel decisions, one

DG complained, are routinely overturned by higher authority on blatantly political grounds; this same DG said he was powerless to fire many of his employees because of the fear of retaliation.

¶9. (C) We see several factors at play in this. There is the legacy of totalitarian government in which keeping one's head low was a key survival mechanism; all of our DG's came up in the Saddam-era Amanat and it shows. There are political/sectarian tensions. The Karada and Rusafa DGs are both Sunnis in a Shi'a-dominated institution, and tell us they must tread carefully as a result. Karada DG Tharwa Ibrahim's husband was murdered in 2007 in a sectarian killing, she was falsely accused of corruption earlier this year and suspended for several weeks while under investigation, and her son was kidnapped in August in what may have been an act of intimidation (evidence is inconclusive). Since early September she has stayed away from the office after receiving death threats that her deputy (also a Sunni) believes come from within the Amanat. That same deputy DG told us that only four of the 30-plus DG positions throughout the Amanat were filled by Sunnis, and he had been told he could not be promoted into a DG position earlier this year because, essentially, the quota was filled. Finally, we see signs that the Beladiyas' willingness to cooperate with the U.S. military is running into resentment at higher levels of the Amanat fearful of seeing CF activity highlight their overall ineffectiveness, and fearful of losing control of contracts that provide easy graft opportunities.

Communication

¶10. (C) Finally, a glaring weakness of all four Beladiyas (and of frankly most GOI institutions at the local level) is their lack of capacity for and even interest in communicating effectively with the public. Despite all of their constraints, the four Beladiyas do provide a minimal level of services and have shown improvement in some areas over the 6-8 months. They are working to pave additional roads, clean blocked sewers, improve potable water delivery, beautify the city, and pick up the trash. They communicate none of this to the citizens in any systematic fashion, nor do they share information on their constraints with the district/neighborhood councils (who are in a position to agitate for more funding through the Provincial Council). In the context of an improved security environment, legitimate public demands by citizens for improved services, and an increasing chorus of criticism from the press, this is a

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completely unnecessary self-inflicted wound.

Comment: Long road ahead

¶11. (C) The Beladiyas, the first line of attack on the essential services front, are years away from being the modern, efficient organizations the capital city requires. They need a wide range of management and technical training, a significant expansion of funding and equipment (from the GOI, not the USG), and perhaps most importantly, a change of mindset that may only come after several years of learning and testing new approaches. This is equally true, we believe, for the rest of the Amanat, of which they are a part. Since 2003, the Beladiyas have received far less attention from U.S. assistance efforts - whether military or civilian-funded - than the district and local councils established by the U.S. in the immediate aftermath of the war. Given the Beladiyas' direct role in providing essential services (as opposed to the councils' role as community advisory and advocacy bodies), that needs to change. We are looking actively at ways we can address these problems through training and other programs by the EPRT, Baghdad PRT-B, and USAID. Ultimately, however, senior leaders at the

Amanat and above need to address the more fundamental institutional weaknesses using Iraqi funding and Iraqi solutions.

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